

# RECORD OF PROCEEDINGS

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## MINUTES OF THE COORDINATED REGULAR MEETING OF THREE SPRINGS METROPOLITAN DISTRICT NO. 1 THREE SPRINGS METROPOLITAN DISTRICT NO. 2 AND THREE SPRINGS METROPOLITAN DISTRICT NO. 3

HELD

OCTOBER 13, 2015

The Coordinated Regular Meeting of the Boards of Directors (“Board”) of the Three Springs Metropolitan District No. 1 (“District No. 1”), Three Springs Metropolitan District No. 2 (“District No. 2”) and Three Springs Metropolitan District No. 3 (“District No. 3”, and together with District No. 1 and District No. 2, the “Districts”) was held at 175 Mercado Street, Suite 240, Durango, Colorado, on October 13, 2015 at 3:00 p.m.

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ATTENDANCE

Directors in Attendance Were:

Tim Zink  
Patrick Morrissey  
Gary Whalen  
Patrick S. Vaughn  
Regina Dunn

Also in Attendance:

Dan Brown of GF Properties Group, LLC (“GF Properties”)  
Jon Penny of GF Properties  
Ross Wieser of GF Properties

Paul Cockrel of Collins Cockrel & Cole, via telephone  
Sarah H. Luetjen of Collins Cockrel & Cole, via telephone

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NOTICE

It was noted that Notice had been properly posted in accordance with statutory requirements.

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DISCLOSURE OF  
POTENTIAL CONFLICT  
OF INTEREST

Mr. Cockrel reported that general conflict of interest statements had been received from all directors and previously filed with the Secretary of State at least 72 hours in advance of the meeting, disclosing potential conflicts of interest as follows.

Chairman Morrissey is the Vice President of and employed by GF Properties Group, LLC (“GFP”), a Colorado limited liability company, which is affiliated with GRVP, LLC (“GRVP”), a Colorado limited liability company, which is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, he is the Vice President of Tierra Group, LLC (“Tierra”), which is the sole member of (i) GRVP and (ii) Tierra Vision Homes, LLC, Tierra Custom Homes, LLC, GFP Mercado, LLC and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the Districts. GFP, GRVP and Tierra are each indirectly owned by the Southern Ute Indian Tribe (the “Tribe”). The Tribe is the sole member of GFMC, LLC (“GFMC” and together with the Tribe, GFP, Tierra and GRVP, the “Companies”), which is also the manager of each of the Companies. He is regularly authorized by GFMC to carry out various management activities of the Companies. Although he is an officer, employee and agent of the Companies, he is not an owner or creditor of the Companies, nor does he have any other substantial financial interest in the Companies.

Chairman Vaughn is the President of and employed by GF Properties Group, LLC (“GFP”), a Colorado limited liability company, which is affiliated with GRVP, LLC (“GRVP”), a Colorado limited liability company, which is the owner and master developer of all or a significant share of the developable real property within each of the Districts. Additionally, he is an officer of Tierra Group, LLC (“Tierra”), which is the sole member of (i) GRVP and (ii) Tierra Vision Homes, LLC, Tierra Custom Homes, LLC, GFP Mercado, LLC and GFP 3S Apartments, LLC, related entities which own or will own and improve properties within the

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Districts. GFP, GRVP and Tierra are each indirectly owned by the Southern Ute Indian Tribe (the "Tribe"). The Tribe is the sole member of GFMC, LLC ("GFMC" and together with the Tribe, GFP, Tierra and GRVP, the "Companies"), which is also the manager of each of the Companies. He is an authorized representative of GFMC for various business purposes. Although he is an officer, employee and agent of the Companies, he is not an owner or creditor of the Companies, nor does he have any other substantial financial interest in the Companies.

Directors Whalen, Dunn and Zink are also employed by GFP. Additionally, Director Whalen is the Vice President of GFP.

All Directors then stated that individual specific potential conflict statements had been filed with the Board and the Secretary of State advising that (i) at this meeting, the Board will consider and intends to take action on a proposal to acquire and reimburse GRVP for the costs of completion of certain additional public infrastructure improvements funded by GRVP in the approximate amount of \$390,578.65, and (ii) such action by individual Directors may constitute a conflict of interest under State law.

All Directors present stated that the participation of at least three of them in the meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act; that written disclosures of such potential conflicts of interest of each Director had been filed with the Board and the Secretary of State in accordance with statutory requirements; and that the nature of each Director's private interests related to their employment and/or officership positions with the above-mentioned entities. After each Director had summarily stated for the record the fact and nature of his private interests and had further stated that the determination to participate in voting or take any other action on any contract or other matter in which he may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an ad hoc basis, the Board turned their attention to the agenda items.

All Disclosure of Potential Conflict of Interest Statements previously filed are deemed continuing for all purposes and are incorporated into the record of the meeting.

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### MINUTES

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The Board reviewed the minutes of the July 14, 2015 Regular Meeting. After discussion and upon motion duly made by Director Vaughn, seconded by Director Whalen and unanimously carried, the minutes of the meeting were approved as amended.

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### FINANCIAL REPORT

Dan Brown presented a summary of invoices for the period of July 1 through September 30, 2015 totaling \$100,129.18 for ratification, which summary is attached hereto and incorporated herein by this reference. After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the board ratified disbursements for payment of various District costs totaling \$100,129.18 as set forth on the summary.

### PUBLIC HEARING ON 2016 BUDGET

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Mr. Wieser presented the proposed budgets for the Districts for the 2016 fiscal year. Chair Morrissey opened the public hearing to consider the proposed 2016 budget of each District, after noting that the Notice Concerning Proposed Budgets had been published pursuant to statute. No member of the public was present or provided written comment, and the public hearing was closed.

Mr. Weiser reviewed the budget for District No. 1 and noted the increase in assessed valuation which will result in an increase of property tax revenue and specific ownership taxes in the General Fund.

Mr. Weiser reviewed the budget for District No. 2 and noted the increase in assessed valuation and projected property tax receipts, all of which, less treasurer's fees, will be transferred to District No. 3 for operations.

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Mr. Weiser reviewed the budget for District No. 3 and noted that District No. 3 does not certify a mill levy. All revenue comes from transfers from District No. 1 and District No. 2, developer advances and from fees in lieu paid by Mercy Housing and the Medical Office Building.

After further discussion and upon motion duly made by Director Vaughn, seconded by Director Dunn and unanimously carried, the Board approved the 2016 fiscal year Budget of each District subject to receipt of final assessed valuation amounts, and adopted the Resolutions to Adopt Budget, Set Mill Levies and Appropriate Sums of Money, copies of which are attached hereto and incorporated herein by this reference.

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### DEVELOPMENT REPORT

Chair Morrissey presented the following Change Orders for approval, a summary of which is attached hereto and incorporated herein by this reference:

Azteca Landscape Inc.:

CO #2	\$31,400.00
CO #3	\$1,500.00

After discussion and upon motion duly made by Director Vaughn, seconded by Director Zink and unanimously carried, the Board approved the Change Orders as presented and appropriation of funds therefor.

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### RECOMMENDATION FOR FACILITIES ACQUISITION/ REIMBURSEMENT

Chairman Morrissey presented and reviewed a report from Russell Engineering dated September 21, 2015, recommending the acquisition and reimbursement to GRVP of various park, drainage and related public infrastructure improvements within Village 1 Filing 3C, in the aggregate amount of \$390,578.65. The Board discussed the various infrastructure improvements and

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documentation related thereto. The acquisition costs will be added as additional principal to the District No. 3 Junior Revenue Note held by GRVP. After all Directors had restated their potential conflicts of interest as noted above and upon motion duly made by Director Vaughn and seconded by Dunn, the Board of District No. 3 approved the acquisition and reimbursement of the various public infrastructure improvements in the amount and as detailed in the Russell Engineering Report dated September 21, 2015.

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### WORKERS COMPENSATION

Mr. Cockrel presented the Resolutions Determining Not to Provide Workers' Compensation Insurance Coverage for Uncompensated Members of the Board of Directors for Policy Year 2016. Upon motion duly made by Director Zink, seconded by Director Whalen and unanimously carried, the Board adopted such Resolution for each District, copies of which are attached hereto and incorporated herein by this reference

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### RESOLUTIONS CALLING MAY 2016 ELECTION

Mr. Cockrel presented the Board with the Resolutions Calling the May 2016 Election. After discussion and upon motion duly made by Director Vaughn, seconded by Director Dunn and unanimously carried, the Board approved such Resolution for each District.

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### MEETING ADJOURNED

There being no further business to come before the Board at this time, the meeting was adjourned

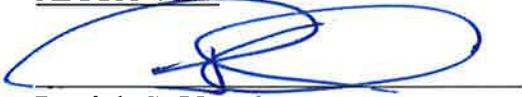
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Sarah H. Luetjen, Secretary for the Meeting

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APPROVED



Patrick S. Vaughn



Pat Morrissey



Tim Zink



Gary Whalen



Regina Dunn